

Housing Advisory Board

Presentation to the Economic Development Commission

September 8, 2006



HAB History

- EDC recommended creating HAB 2004
- HAB appointed by BOS June 2005
- \$1 Million Trust Fund established
- Members represent broad spectrum of stakeholders and housing professionals
- 4 are experts from outside of Loudoun



HAB Members

- Jeff Scouten, Chair
- Steve Wilson, Vice Chair
- John Stevens, Policy Committee Chair
- Al Smuzynski, Trust Fund Committee Chair
- Tamar Datan, Education & Workforce Chair & EDC Rep
- Michelle Krockner, Housing Expert
- Dave Summers, IDA Rep
- Michael Capretti, ADUAB Rep
- Steve Snow, BOS Rep
- Kim Hart, At Large
- Steve Luteran, Non-profit Rep
- Jim Anders, At Large

Sarah Coyle-Etro, Housing Policy Manager, DFS

Chronology

- Expanded to 12 members
- Adopted Mission Statement
- Formed 3 Committees
- Completed AECOM Consult study of workforce housing supply & demand
- Met with Planning Commission, BOS HSC, School Board, Washington Area Housing Partnership & others



Mission Statement

The Housing Advisory Board makes policy and program recommendations to the Board of Supervisors on the unmet housing needs of people who live and work in Loudoun County.

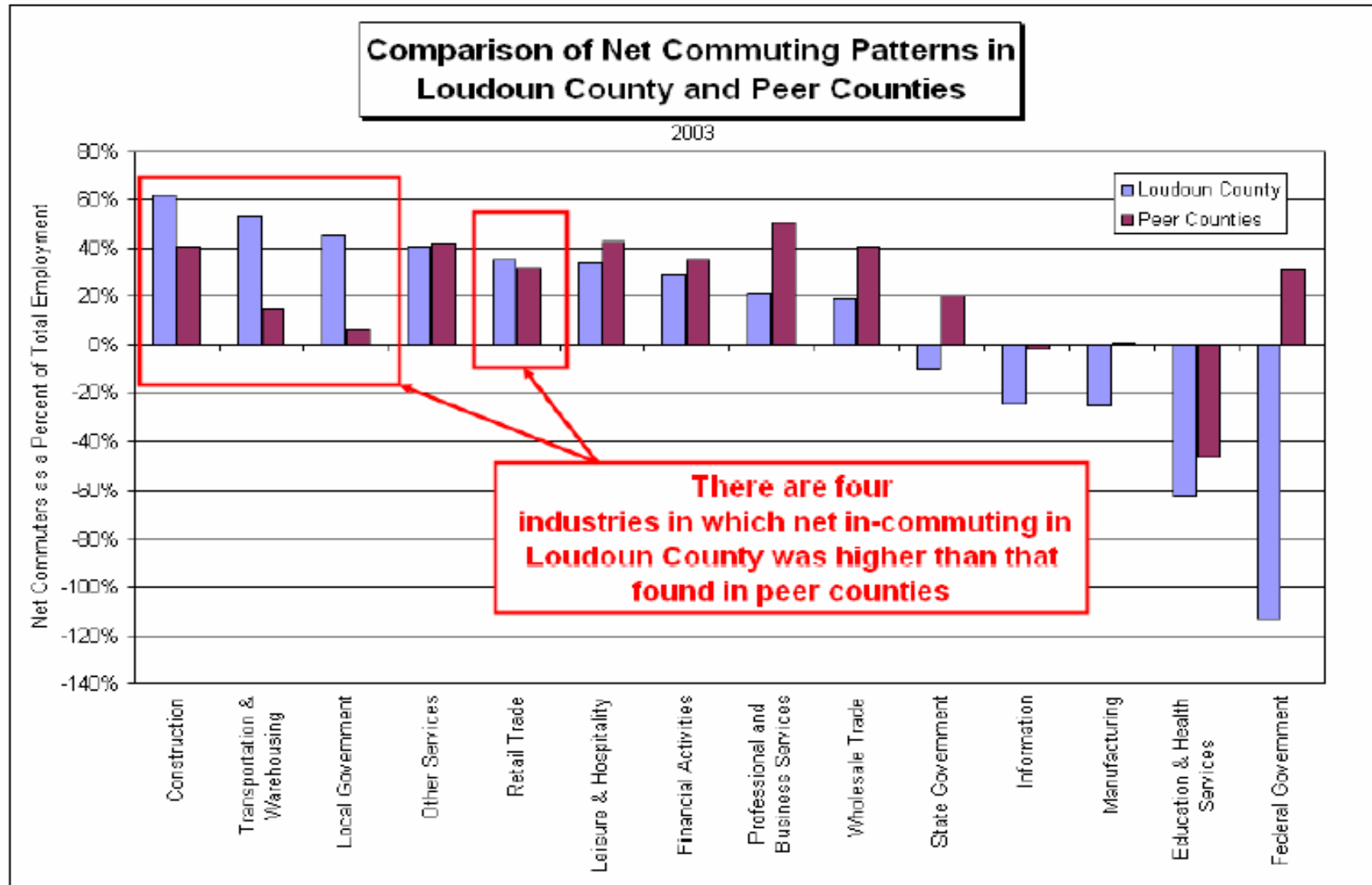


AECOM Study Highlights

- Workers in 9 of 14 industry categories have net in-commuting
- At least 38,000 workers in these industries in-commute to Loudoun for work
- In order to be comparable to the commuting patterns of 31 peer counties, Loudoun needed another 14,600+ housing units affordable to these workers in 2005
- The four industries where the need is greatest (and the 2005 estimated annual income for these workers):

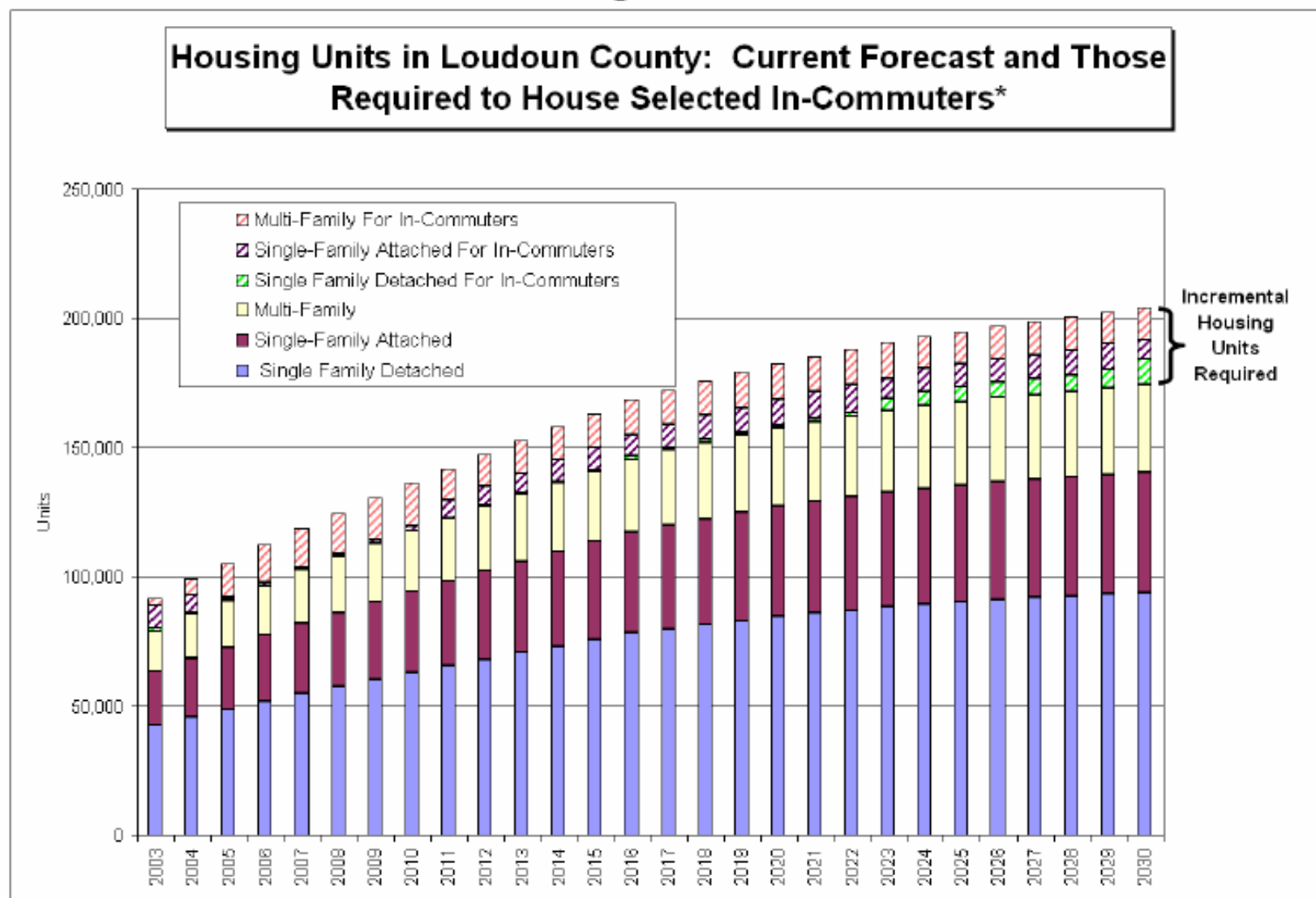
– Construction	\$45,084
– Transportation & Warehousing	\$37,232
– Local Government	\$41,132
– Retail Trade	\$26,780
- Combined, these industries represent 44% of Loudoun's current workforce
- By the year 2030, the minimum number of additional workforce housing units needed for employees in these industries is estimated to be nearly 30,000

Figure 1-3.



Source: AECOM Consult, Inc.

Figure 2-3.



Note: * As determined in Question 1.

Source: Loudoun County's Budget Office and AECOM Consult, Inc.

HAB Committees

1. Policy Committee
 - Policy recommendations
 - Articulation of unmet housing needs
2. Housing Trust Fund Committee
 - Revenue streams for Trust Fund
 - Programs for 0 – 70% AMI
3. Education & Workforce Committee
 - Information & outreach
 - Programs for 70% AMI+



Policy Committee

- Draft Post-Study Policy Conclusions
- Harmonize Housing Policies
- Respond to current Comprehensive Plan Amendment (CPAM)



Priorities and Principles

- Residents and workers should be served by a range of housing opportunities
- Housing diversity is important to the health of the community
- The market cannot meet all areas of need
- Programs are required to address the needs of residents and workers priced out of the market



Continuum of Need

- Unmet needs occur at all levels
- Labels (Special Needs, Affordable, Workforce) are not helpful
- Different program approaches are required at different levels
- Focus should be on unmet needs at or below 100% of Washington AMI



Continuum of Need

>100%

100% + Market Addresses Need

100%

70-100% Loans, non-cash supply incentives

70%

30-70% Combination of public financial support and regulation

30%

0%

0-30% Requires public subsidies



Resources

- Public support must include a dedicated, stable funding source (Housing Trust Fund)
- Ordinance Revisions
- Support for Design Innovations
- ADU Program
- Public/Private Partnerships
- Independent Public and Private Programs



Status and Next Steps

- Seeking input from EDC & others
- Recommending policy changes in October to guide the County into the future
- Changes based on data from study



Trust Fund Committee

EXAMPLE OF \$5 MILLION HOUSING TRUST FUND

• Affordable Rental Housing	\$ 2,500,000
• Rent Subsidy Fund	\$ 1,000,000
• Accessibility Grants	\$ 100,000
• Home Improvement Loans	\$ 550,000
• Closing Costs for First Time Buyers	\$ 250,000
• Community Infrastructure Grants	\$ 400,000
• Administration of programs	\$ 200,000
• Total Program	\$ 5,000,000



Affordable Rental Housing

- \$2.5 million of revenue per year would amortize \$18.4 million in County issued General Obligation Bonds over 10 years at 6% interest.
- Proceeds used for “soft” loans to developers of affordable rental housing.
- For example:
 - \$40,000 per unit supports 460 affordable rental units
 - Repayable with interest replenishes the Trust Fund
 - Without soft loans, the apartments are not financially feasible.



Rent Subsidy Fund

- Federal rent subsidies are being cut back. Families wait years on the Section 8 waiting list to receive a rental voucher.
- With high Loudoun County apartment values, “soft” loans will achieve affordability at 60% AMI. A rent subsidy can increase affordability for a family earning 50% AMI.
- A \$1 million Rent Subsidy Fund would provide 333 families with a \$250 per month rental subsidy.



Accessibility Grants

- \$100,000 would provide \$5,000 grants to 20 low-income households for modest improvements to their home, such as grab bars, wheelchair ramps, etc.
- Improvements allow mobility impaired persons to remain in their homes



Home Improvement Loans

- Banks originate, fund, and administer loans for repairs, weatherization, energy efficiency, or accessibility improvements
- The fund subsidizes interest rates of the borrowers
- The fund establishes a loan loss reserve to use for any losses incurred
- For example, Subsidizing an 8% loan to 2% reduces the principal and interest payments on a \$50,000 loan from \$607 per month to \$460 per month.



Other Potential Uses

Closing Cost Assistance

- Closing costs to help purchase a home.
- Targeted workers could include public employees or other “hard to hire” workers due to high housing costs.

Community Infrastructure Grants

- Used for urgent community needs, including lack of sanitation and safety needs.



Education & Workforce Committee

1. Develop recommendations for workforce housing in 70% - 100% AMI range
2. Mobilize business and community support to create workforce housing programs
3. Support education and outreach



2005 Employment in Loudoun County

By Percent of Workforce

<u>Industry</u>	<u># of jobs</u>	<u>Percent of workforce</u>	<u>Average weekly wage</u>
Services	40,542	33.86%	\$910
Retail Trade	13,923	11.63%	\$515
Construction	13,700	11.44%	\$867
Government - Local	12,439	10.39%	\$791
Transportation & Warehousing	12,129	10.13%	\$716
Information	9,946	8.31%	\$2,033
Manufacturing	4,914	4.10%	\$1,065
Finance, Insurance, Real Estate	3,927	3.28%	\$1,031
Government - Federal	3,730	3.12%	\$1,423
Wholesale Trade	3,127	2.61%	\$1,158
Government - State	876	0.73%	\$587
Agricultural, Forestry, Fishing	393	0.33%	\$553
Utilities	<u>91</u>	<u>0.08%</u>	\$1,107
TOTAL	119,737	100.00%	

Top 4 in-commuters -- 44% of workforce

Source: 2005 Annual Growth Summary

2005 Employment in Loudoun County by Income Level

<u>Industry</u>	<u># of jobs</u>	<u>% of workforce</u>	<u>Estimated average annual income</u>
Information	9,946	8.31%	\$105,716
Government - Federal	3,730	3.12%	\$73,996
Wholesale Trade	3,127	2.61%	\$60,216
Utilities	<u>91</u>	0.08%	\$57,564
Manufacturing	4,914	4.10%	\$55,380
Finance, Insurance, Real Estate	3,927	3.28%	\$53,612
Services	40,542	33.86%	\$47,320
Construction	13,700	11.44%	\$45,084
Government - Local	12,439	10.39%	\$41,132
Transportation & Warehousing	12,129	10.13%	\$37,232
Government - State	876	0.73%	\$30,524
Agricultural, Forestry, Fishing	393	0.33%	\$28,756
Retail Trade	13,923	11.63%	\$26,780
	119,737	100.00%	

Top 4 in-commuters -- 44% of workforce

AMI for Individuals = \$62,510

At least 38,000 In-commuting Workers



Review of Private Developer Proposals

	Brambleton Proposal	Buchanan Proposal	Greenvest Proposal	Loudoun County - current
Total # of homes	6,240	1,800	15,225	90,704
Distribution by Unit Type		Courtyard homes Townhouses Condos Apartments	4,189 (27.5%) SFD 4,108 (27%) SFA 6,928 (45.5%) MF (some 2 over 2)	48,844 (53.8%) SFD 24,412 (26.9%) SFA 17,448 (19.2%) MF
Work Force Housing Definition	Exploring constructing most affordable product line possible in some areas of Brambleton	Households earning between 70% to 120% of the Area Median Income	Families earning 70% to 125% of the Wash Area Median Income	Proposed CPAM Definition: Non-subsidized housing (sale or rental) for those people whose income is 70 – 120 percent of the median household income for the area. Such housing should require no more than 30 percent of household income.
Total # of WFH homes	N/A	Not Yet Determined	1904	NA
Total # of ADUs	550	@113 (consistent with Zoning Ordinance)	952	@3400 (3.7%)
% of ADUs to Total # of Homes	9%	6.25%	6.25%	6.25% MF 12.5% SFA,SFD (with optional density bonus)
WFH by Unit Type	N/A		634 SFD 635 SFA 635 MF	NA
WFH by # of bedrooms	N/A		Not Yet determined	NA
Price Distribution	Not Yet Determined	Not Yet Determined	Proposed 75% of Market Rate Homes (25% discount in land price & smaller sized homes); to be determined when constructed	NA
Implementation of WFH benefit	N/A	Exploring both possibilities	With the home, similar to ADU program with non-profit oversight	NA
How long will the WFH be maintained			15 years with similar program set up as ADU program	NA

Potential Programs and Incentives for 70% AMI +

- Transfer of Development Rights
- Density Bonuses
- Expedited Application Review
- Reductions or waiver of permit, infrastructure fees or capital facilities contributions
- Tax Abatement
- Zoning Modifications

LOUDOUN Business



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VOLUME 4, NO. 1

Filling The Gap

County Weighs Workforce Housing Initiative

■ **Megan Kuhn**, Deputy Editor

When Mike Healy accepted a job offer with IT consulting firm Project Performance Corp. in McLean, the suburban Bostonian figured it would take six months to buy a house in Loudoun County. He and his wife rented a Leesburg townhouse in April 2005 and kept most of their boxed belongings in the garage.

"[I was] under the impression we could sell our house up there, move here and buy a larger

house with equity because Boston is considered one of the highest markets," he said. Instead, he found townhouses that cost \$200,000 more than Boston-area homes.

Six months turned into a year, and Healy, who is the sole breadwinner in his family and earns close to the Washington, DC, area median income of \$90,300, continues to rent because he says the cost of housing in Loudoun County is "absurd." The IT professional's experience reflects a growing housing affordability gap

in a county once considered an economical alternative. Healy earns too much to qualify for the county affordable housing program, which is sold below market value, but not enough to keep up with market rates, which jumped 30 percent last year.

"It's crazy to be considered top earners in the country by the government and yet you can't afford a house. How absurd is that?" the 43-year-old said.

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Loudoun Times

Year, No. 32

Leesburg & West

WEDNESDAY, AUGUST 9, 2006

Housing gap widens for workers, study shows

BY ANNE KEISMAN
Times-Mirror Staff Writer

It's no secret that the cost of housing in the area is sky-high. Now officials have hard data to show that many workers — including teachers, police deputies and retail workers — can't afford a place to call home in Loudoun.

"We've got a real problem now, and it's projected to get worse," said Tamar Datan, a member of the Loudoun County Housing Advisory Board that commissioned a study to examine county housing supply and demand.

The study, conducted by AECOM Consulting, indicated that there is now a shortage of about 14,000 housing units affordable to Loudoun's workers — a number projected to increase to 30,000 by 2030. The numbers were derived by comparing Loudoun with 31 similar U.S. counties.

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Housing

From Page A1

This shortage results in a disproportionate number of workers commuting into Loudoun for work. The more high-price homes that are built, the more demand there is for the workers who can't afford to live here.

The situation has multiple implications, said Datan. Longer commutes mean more cars on the road and more traffic. Businesses have difficulty attracting workers when local housing options are slim. Also, there is a less tangible but still compelling argument for promoting affordable housing — that strong communities should include residents from all economic strata.

"What about that teacher that can't stay after school with a student because she's got an hour drive to West Virginia ahead of her?" said Datan.

According to the study, four industries — representing 44 percent of Loudoun's workforce — are most affected by this trend. They include retail, local government (including

teachers and police deputies), warehouse and transportation (including jobs at Washington Dulles International Airport) and construction. The estimated income for these workers ranges from \$27,000 to \$45,000 a year.

The study was conducted earlier this year. The final results come just as the Board of Supervisors begins debating an amendment to Loudoun's Comprehensive Plan, which would open 9,221 acres of land in the Dulles South area to a potential 28,000 new houses.

In light of the study, members of the advisory board are urging supervisors to carefully consider the mix of housing units proposed in Dulles South.

The developer Greenves wants to build about 14,000 homes in the area under discussion, and plans to work with the county to help fill the housing gap. According to HAB's analysis, Greenvest's proposal would create at least an additional 1,900 workforce housing units.



Martin Casey
Easterner editor

Most people know that Loudoun County has a significant "affordable housing" problem. The term means that many people who work in the county, earning wages or salaries that employers here pay, cannot find housing here that they can afford. Local housing costs are greater than local incomes.

No one should be sur-

prised by this. Most of us who work here have co-workers who drive to work from outside the county — most from the west; just as most of us also know that many of our neighbors drive to jobs in Fairfax County or Arlington or Alexandria or Washington, D.C.

This situation hurts the county — particularly county employees such as teachers or sheriff's deputies or firefighters — but it also hurts local business. If teachers, deputies or firefighters could move

between job and home more quickly, county residents would be better served. But that is also true of every employment position. If more employees here also lived here, our roads would be less choked, gasoline would be saved, and efficiencies of time and money could be made in virtually every workplace and household.

In an effort to quantify this challenge, and maybe find some tips on how some progress might be made on this front, the county commissioned a

study. Studies, by the way, are important, much as writers and the public generally tend to poke fun at them.

Unfortunately, a recent study done for the Housing Advisory Board "suggests that the development of more 'market rate' homes in Loudoun will make this problem worse," the study admits in its findings. In fact, the study found that "about 25 percent of Loudoun County households have housing costs exceeding the 30 percent (of income) monthly hous-

ing cost standard ... indicating that a significant number of households are 'house-poor.'"

Among other findings:

— "A majority of Loudoun County households earn more than 125 percent of the area median income, or about \$112,875."

— "In rental units, there is a shortage of available units for incomes ranging from 10 to 60 percent of the area median income, reflecting an estimated 1,437 units available for 7,381 households."

And finally: "More apartments, condominiums and townhouses are needed to match the income affordability of the 'displaced' workers, especially over the next 25 years."

What this tells county planners is that we need to see more apartments and townhouses in future home construction proposals, even though developers know that their profits are in building and selling large, high-end single-family homes.

Contact the editor at
editor@easterner.com

Between You and Me

Bad news on the 'affordable housing' front

EWf Committee Next Steps

- “Where Do Loudoun Jobs Sleep?” Video
- R & D for incentives and programs
- HAB “Road Show”
- Information Forum for Employers
- Community Viz

